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Committees
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Business and Regulatory Reform VC
Families and Human Services VC
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The Jacobs Report

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RADIO ROUSES PUBLIC WITH INACCURATE PROPERTY TAX INFO

The first piece in a major change in state-to-county aid (ending state revenue sharing payments) passed the Legislature this week, despite panic over misinformation that portrayed it as a tax increase.

The legislation in question is not a tax increase, but rather an accounting measure that will move tax bills from December into July, over a three-year phase-in. Citizens will continue to pay for twelve months of taxes during a given calendar year, just as they do now.

Jitters over the budget bill originated from a couple of incorrect news reports that the tax change would amount to a 33 percent property tax increase. One radio commentator urged panicked voters to contact their lawmakers, and thousands have done just that.

No one will pay four years of taxes over three years. The legislation works as follows: home owners will pay 12 months of 2005 taxes in two installments (July and December) instead of one. The July 2005 bill will be for four months of taxes, and the December bill will be eight months' worth, for a total of 12 months (NOT the 16 months that some are claiming).

In 2006, home owners will pay 12 months of 2006 taxes in two installments. The July bill will be for eight months, and the December bill will be four months. Again, 12 months of bills and twelve months of taxes are due in 2006.

In 2007 and beyond there will be one tax bill, due in July, for 12 months only.

To provide a concrete example: For an owner of a \$100,000 home in a typical county, the tax shift will result in the 2005 taxes being paid in two installments (\$70 in July and \$140 in December) instead of one December payment of \$210.

The proposal was needed to avoid cutting county services by 15% - 18%, which would have impacted basic services in a profound manner upsetting to most citizens.

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By moving up the date of tax collections, the state will take the first July payments to create a pool of money. Counties, which will still have enough money to operate through the year because of the taxes they collected the previous December, would then draw what they would have received in revenue sharing from this pool of funds.

Next week, the Legislature will complete action on the second portion of the three-year phase-in.

This move will save the state \$182.3 million that it would have given to counties in revenue sharing - critical to keeping the state's budget in balance.

20 J FUNDING INCREASED

Last week, the Granholm Administration worked out a bi-partisan plan with legislative leaders that will preserve/restore funding increases to the 20 J districts.

Even before Governor Granholm and legislative leadership announced they had agreed to a \$6.6 million cut in these funds, speculation was rampant that these 'affluent' school districts with per-pupil allocations over \$9,000 would not receive increases this year. Calls, letters and e-mails from affected citizens and educators put pressure on lawmakers to secure additional educational dollars—just in case that wasn't the original plan.

“Hopefully, the threat of these funding cuts will help open people’s eyes to the fact that we need to fix Proposal A before this happens again and funds really are cut,” said Senator Gilda Z. Jacobs (D-Huntington Woods).

Other provisions of the agreement between legislative leadership and the administration include:

A new formula for determining districts' pupil count. Instead of weighing the count with 80 percent on the current fall count and 20 percent on the previous year's spring count, the percentages will be 75-25.

Continuation of the \$15 million subsidy given to the Detroit Public Schools as part of the 1999 state-led takeover of the city's schools

An 11.6 percent cut in funds for intermediate school district general operations. The percentage cut falls between what Ms. Granholm recommended and what the House and Senate passed.

\$20 million in combined state and federal funding for the Freedom to Learn wireless classroom technology program, a 50 percent reduction from 2003-04 levels with the entire reduction coming from the state's portion.

\$314.2 million for districts with at-risk pupils, maintaining current year funding and in line with Ms. Granholm's recommendation and the House-passed version of the bill. The Senate had passed a \$9.9 million cut.

\$750,000 for so-called isolated school districts - those districts with fewer than 250 pupils and school buildings located at least 30 miles from another school building or located on an island without a bridge.

\$72.8 million for preschool programs, in line with Ms. Granholm's recommendation to keep funding at current year levels, but rejecting a \$2 million cut passed by the House and Senate.

\$3.3 million for parental involvement programs in ISDs, keeping funding at current year levels as sought by the House and Senate and turning back an effort by Ms. Granholm to double funding for the program.

\$30 million for vocational education, keeping funding at current year levels as sought by Ms. Granholm. The House and Senate had each passed cuts of \$2 million.

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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